

Message Text

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15

ACTION EA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-03 H-02 DODE-00 PA-01 PRS-01 /085 W

----- 071265

R 270750Z MAY 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 378

INFO AMEMBASSY SEOUL

USLO PEKING

AMCONSUL HONG KONG

C O N F I D E N T I A L TOKYO 6915

E.O. 11652: GDS

TAGS: EEWT, JA, NK

SUBJ: JAPAN-NORTH KOREA TRADE

1. MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (MITI)
OFFICIALS HAVE CONFIRMED TO EMBASSY SUBSTANCE OF PRESS REPORTS THAT DUE TO NORTH KOREA'S PRESENT FINANCIAL DIFFICULTIES, MITI IS TAKING CAUTIOUS ATTITUDE TOWARDS ISSUING OFFICIAL INSURANCE FOR EXPORTS TO NORTH KOREA. WHILE NOTING THAT NORTH KOREA HAS NOT YET ACTUALLY DEFAULTED ON AN IMPORT CONTRACT, MITI OFFICIALS STATED THAT THEY ARE MONITORING PAYMENT DATES VERY CLOSELY.

2. IN MEETING WITH U.S. EXIMBANK DIRECTOR CLARK, MITI OFFICIALS CONFIDED THEY HAVE PLACED NORTH KOREA IN A HIGH RISK CATEGORY (ALONG WITH CHILE, BOTH NORTH AND SOUTH VIETNAM, LAOS, CAMBODIA, PAKISTAN, BANGLADESH AND OTHERS). AT END OF MARCH EXPORT INSURANCE DIV HAD \$213 MIL OF INSURANCE COMMITMENTS FOR NORTH KOREA, VIRTUALLY ALL MEDIUM TO LONG-TERM. OFFICIALS DENIED, HOWEVER, PRESS REPORTS THAT MITI IS CONTEMPLATING CUTTING OFF
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ALL INSURANCE FOR EXPORTS TO NORTH KOREA. SHORT-TERM

INSURANCE WILL CONTINUE TO BE ISSUED, ALBEIT ON A
CASE-BY-CASE BASIS.

3. COMMENT: SINCE JAPAN EXIMBANK NORMALLY WILL NOT
GRANT EXPORT CREDITS WITHOUT GOJ-BACKED EXPORT IN-
SURANCE, MITI DECISION TO GO SLOW IN APPROVING EX-
PORT INSURANCE APPLICATIONS WILL EFFECTIVELY HOLD UP,
FOR AT LEAST A FEW MONTHS, COMPETING CONTRACT NEGO-
TIATIONS ON ABOUT TEN MAJOR ITEMS THAT HINGE ON JAPAN
EXIM BANK FINANCING.
HODGSON

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Margaret P. Grafeld
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